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ORIGIN RP-10

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*FM SECSTATE WASHDC
*TO AMEMBASSY ISLAMABAD IMMEDIATE
*INFO USMISSION GENEVA PRIORITY
*AMEMBASSY PARIS PRIORITY

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FOR REFCOUNTS

E.O. 12356: N/A

•TAGS: SREF

•SUBJECT: U.S. SUPPORT FOR UNHCR/WORLD BANK SELF-HELP
•PROJECTS FOR AFGHAN REFUGEES

REF: A) STATE 080774, B) STATE 085435, C) ISLAMABAD
06089, D) ISLAMABAD 06187, E) ISLAMABAD 06363

1. AT THE APRIL 11 MEETING IN WASHINGTON PREPARATORY TO THE PARIS CONSORTIUM, UNHCR/WORLD BANK PROJECTS WERE DISCUSSED. THERE WAS GENERAL AGREEMENT ON THE WORTHWHILE NATURE OF THE PROJECTS AND THAT THE U.S. WOULD SUPPORT THEM IN PRINCIPLE IN ITS STATEMENT AT THE CONSORTIUM. HOWEVER, THE QUESTION OF HOW TO CONTRIBUTE LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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TO THE FUNDING OF THE PROJECTS REMAINS UNRESOLVED. SINCE AID CANNOT DONATE FUNDS WHICH WOULD BE ADDITIVE TO 1984 ESF AND RP IS NOT IN A POSITION TO CONTRIBUTE TO A DEVELOPMENT PROGRAM, IT APPEARS THAT DESPITE OUR BEST EFFORTS TO FIND OTHER MEANS TO COME UP WITH FUNDS, THE ONLY POSSIBILITY OF A USG CONTRIBUTION WOULD BE OUT OF ESF AS OUTLINED IN PREVIOUS MESSAGE. (REF A)

2. ACCORDING TO THE UNHCR, BOTH THE FRG AND JAPAN ARE

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REVIEWED BY _____ DATE 6/28/96

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PREPARED TO USE MONEY FROM THEIR DEVELOPMENT FUNDS FOR THEIR CONTRIBUTION TO THIS PROJECT. WE UNDERSTAND THAT THIS WOULD NOT BE ADDITIVE BUT WOULD BE AN ADJUSTMENT TO INCLUDE THIS PROJECT IN THEIR CURRENT PLANS FOR AID TO PAKISTAN. SINCE THE GOP APPEARS TO BE AGREEABLE TO JAPAN AND GERMANY PROVIDING NON-ADDITIVE FUNDS TO SUPPORT THE WORLD BANK PROJECTS IT OCCURS TO US THAT GOP INSISTENCE - ON OUR PROVIDING ONLY ADDITIVE FUNDING FOR THE PROJECTS MAY BE AN INITIAL NEGOTIATING POSITION. AT PARIS IT MAY EMERGE THAT SOME FORMULA OF REALIGNMENT OF PRIORITIES WITHIN ESF WILL BE POSSIBLE SO THAT THE U.S. CAN DONATE \$2.5 MILLION FOR THE UNHCR/WORLD BANK PROPOSAL.

3. IN THE MEANTIME, HOWEVER, WE REQUEST THAT YOU APPROACH GOP ONCE AGAIN TO MAKE CLEAR OUR POSITION AND THE POSSIBLE CONSEQUENCES OF NO U.S. DONATION. WE DO NOT WANT THERE TO BE ANY MISUNDERSTANDING. IF THE GOP IS SERIOUSLY INTERESTED IN THIS PROPOSAL AS THEY HAVE STATED IN THEIR POSITION PAPER FOR THE CONSORTIUM (REF D) AND AT THE MEETING OF DONORS IN ISLAMABAD (REPORTED IN REF E), THEN THEY SHOULD BE PREPARED TO BE FLEXIBLE AT PARIS, HAVING IN HAND A FULL UNDERSTANDING OF OUR

VIEW IN ADVANCE.
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4. YOU MAY DRAW UPON THE FOLLOWING TALKING POINTS IN YOUR DISCUSSIONS.

--HAVING CAREFULLY STUDIED THE PROPOSAL OF THE UNHCR AND WORLD BANK FOR INCOME GENERATING PROJECTS TO EMPLOY REFUGEES AND BENEFIT PAKISTAN THROUGH VARIOUS DEVELOPMENT SCHEMES, THE UNITED STATES BELIEVES THEY ARE MERITORIOUS.

--THEY WILL PROVIDE LONG TERM ECONOMIC BENEFITS TO PAKISTAN BECAUSE THE NATURE OF THE PROJECTS IS PRIMARILY DEVELOPMENTAL.

--THEY WILL ALSO PROVIDE WORK FOR PAKISTANIS AND REFUGEES. AND THEY WILL REPAIR DAMAGE CAUSED BY THE PRESENCE OF LARGE GROUPS OF REFUGEES. THIS COULD HELP DIFFUSE SOCIAL TENSIONS BOTH AMONG REFUGEES THEMSELVES DUE TO IDLENESS AND DEPENDENCY, AND BETWEEN REFUGEES AND LOCAL POPULATIONS IN AREAS WHERE REFUGEES ARE SEEN TO BE DETRIMENTAL TO THE ENVIRONMENT AND WELFARE OF THE PEOPLE.

--WE UNDERSTAND THE GOP WILL REQUEST SUPPORT FOR THIS SCHEME AT THE PARIS CONSORTIUM.

--THE GOP HAS EXPRESSED ITS PREFERENCE FOR DONATIONS

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TEXT OF TELEGRAM 83STATE 101047

WHICH WOULD BE ADDITIVE TO MONEY WHICH IS ALREADY BEING
DONATED FOR OTHER DEVELOPMENT PROJECTS IN PAKISTAN.

--WE HAVE PREVIOUSLY INDICATED THAT WE COULD REALIGN
PRIORITIES WITHIN THE 1984 ESF TO INCLUDE A CONTRIBUTION
TO THIS PROPOSAL BUT THAT ADDITIONAL MONEY WOULD NOT BE
AVAILABLE.

--WE KNOW THAT THE GOP CONSIDERS THE PROJECTS TO FALL IN
A HIGH PRIORITY CATEGORY IN ITS DEVELOPMENT PLANS FOR
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THE COUNTRY. WE THEREFORE REITERATE OUR OFFER TO ADJUST
PRIORITIES WITHIN THE ESF PROGRAM TO PERMIT INCLUSION OF
THIS PROPOSAL.

--IF THE GOP CONTINUES TO HOLD TO ITS POSITION THAT
DONATIONS FOR THE PROGRAM BE ADDITIVE, THEN THE U.S.
WILL NOT BE ABLE TO PLEDGE TOWARD THE UNHCR/WORLD BANK
PROPOSAL.

--WE BELIEVE THAT U.S. INABILITY TO SUPPORT THE WORLD
BANK PROJECTS FINANCIALLY MAY DISCOURAGE OTHER DONORS
FROM PARTICIPATING. CONSEQUENTLY THE PROJECTS COULD BE
UNDERFUNDED AND THEREFORE THEY MAY BE DELAYED OR EVEN
ABANDONED.

--THIS WOULD BE UNFORTUNATE SINCE OUR STUDY OF THE
PROPOSAL INDICATES THAT IT WOULD OFFER SUBSTANTIAL
BENEFITS FOR PAKISTAN.

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